The Saturday Review

# Financial Supplement

Conducted by Hartley Withers

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## The Outlook

Still in a holiday atmosphere the City has been idle and uninteresting, and has given languid attention to the rise in sterling in New York, the progress of negotiations in Paris concerning the loan to Germany for reparation payments, the cataclysmal fall in the value of Austrian currency, and hopes of a termination of the dispute in the engineering trade. From the financial point of view the most important event of the week was the decision of the Reparation Commission empowering the International Committee of Bankers to extend the basis of their enquiry and to express their views, free from all restrictions, as to the conditions of a loan to Germany. The French delegate was in the minority of one, and the Paris correspondent of the *Morning Post* states that the decision has been received with surprise, almost with consternation. Nevertheless, it would seem to be a matter of common-sense that an expert committee asked to discuss a business problem, should be allowed to consider and to express its views on all the bearings of the subject. If a loan is impossible with reparations on their present basis, it would surely be absurd to muzzle the committee on this point.

MONEY AND EXCHANGE

Money was plentiful but not quite so much so as was expected, and the discount market was quiet and rather sticky, having, apparently, rather over-indulged itself in the matter of Treasury bills. It was a great week for sterling, which improved in value as measured in most foreign currencies, its rise in New York being most important. This advance is variously attributed to the course of trade, the rise in prices in America, the prospect of a loan, to be extensively subscribed in America, to Germany, America's confidence in British finance, and the manner in which prohibition is driving shiploads of Americans to take an "alcoholiday" in Europe. Austrian currency had another terrible tumble.

THE GOVERNMENT ACCOUNTS

During the week ended June 3, revenue amounted to just below £10 millions and expenditure to £48½ millions, of which £40 millions was for war debt interest. The deficit had been covered by an increase of £39 millions in the floating debt, Treasury bills being £24.7 millions higher and Ways and Means advances from the Bank of England, £14½ millions higher.

## CAPITAL AND CREDIT

DURING the recent upward movement of security prices accompanied by an apparently insatiable demand for new issues, especially of the well-secured type, the question was frequently asked in the City where all this new money was coming from and whether its appearance did not seem to imply that the nation was, in spite of heavy taxation, increasing its capital fund in a highly satisfactory manner. This cheerful interpretation of a curious phenomenon seems to have been largely based on misinterpretations of the factors. Money has been going into the security markets and competing wildly for new issues, not because the nation was saving rapidly but because trade depression and the lower range of prices was diverting money from industry into securities and so giving an appearance of financial prosperity which was really chiefly based on the difficulties which face our trade and production. The same problem appears to have been exercising opinion on the other side of the Atlantic and in a recent issue of *Commerce Monthly,* a journal published by the National Bank of Commerce in New York, it was examined scientifically and at length by Dr. Chandler, a distinguished economist who provides theoretical illumination for the directors and customers of this well-known institution. Dr. Chandler observes that "notwithstanding the recent turnover of large amounts of investment securities, the market continues to absorb amounts of unexpected proportions. The increase in the interest displayed in foreign securities has also added weight to the suggestion that a much larger supply of investment funds may be available for both domestic and foreign capital needs than has been believed to be possible in the light of business depression through which the world has been passing." In America, contemplation of the huge sum with which recent estimates have credited capital accumulation in the United States during 1921, together with the enormous gold reserve possessed by the country and the so-called "many billions of potential credit in the banking system" has driven away all doubts from the minds of some as to whether an ample supply of capital exists. Dr. Chandler observes that in looking for the apparent indications of the existence of new capital funds it is of first importance to avoid the too common error of confusing funds, credit and capital. Behind loanable funds stand the various forms of credit and capital. Capital is a word which has been used in so many cases and to cover such a number of different ideas that, as Dr. Chandler says, all discussion is fruitless until an agreement as to the meaning of the term is reached. He decides to use it only in its fundamental economic sense, in which it "stands for definite, physical goods, either in the form of factories, machinery and railways, etc., or in that of stocks of materials and goods." The market value of this capital varies, of course, according to the prices placed upon the physical goods which are included in it. Very misleading effects may thus be produced by a period of inflation, such as happened during and since the war, under which an artificial increase in the supply of credit may produce an appearance of an enormous increase in the supply of capital. "From the point of view of the entire nation credit is not capital and the creation of credit is no more the creation of capital than the printing and distributing of milk tickets can be said to be the creation of milk. It is true that

the wise extension of credit on the parts of banks may so facilitate the use of existing capital as to add to the wealth of the country. As has been often pointed out by leading bankers and economists, however, the extension of credit in itself is not an increase of capital but only serves to direct capital into the hands of those who can most profitably employ it. This distinction is of most elementary character and yet no confusion is more common or causes greater economic disaster than the confusion of credit and capital." It may be that Dr. Chandler is too emphatic in the stress that he lays upon the " tremendous inroads," as he calls them, which were made into the fixed capital of every European country engaged in the war. By fixed capital he means all physical capital in the form of factories, machinery, railways, etc., that has taken on such definite form that it cannot easily be diverted to uses other than the ones for which it was originally designed. He tells us that during the war impairment of such capital occurred through actual destruction in France, Italy, Russia, Poland, Belgium, Roumania, Austria and Serbia. Impairment also resulted from the diversion of capital to military purposes and from failure to maintain capital necessary to peace conditions but not absolutely essential to the war. The aggregate destruction of fixed capital in Europe through these methods is described by Dr. Chandler as being recognized by students of the war to have reached tremendous proportions. This repetition of the word " tremendous " may surely be questioned even by those who are not inclined to be optimistic. Mr. J. M. Keynes' authority may be quoted for the statement that the direct destruction of material wealth by war is generally exaggerated. Writing in the *Manchester Guardian's* second section of its pamphlets upon Reconstruction in Europe, Mr. Keynes points out that " fortunately the accumulations of man's wealth are not in such a shape that they can be quickly squandered. War exhausts contemporary effort, but it cannot destroy knowledge, or make an overdraft on the bounty of nature. It cannot even diminish the fixed capital of the past, except where it ravages the country; and such devastation, locally overwhelming, affects but a small part even of the invaded countries and a negligible proportion of the civilized areas of the world. The material destruction of the Great War can be made good by a very few years of the community's regular savings. All the houses destroyed in France and Belgium were not more than the normal building programme of a year or two in Western Europe alone, and the injury to their railways far less than a year's new construction in an epoch of railway development; whilst the soil is already restored by peasants' labour. But perhaps the most striking illustration of material recovery is shown by the facts about the mercantile marines of the world. This was a field where the material damage was not merely local but world-wide. Yet by the end of 1921 it had been repaired completely, and the world's mercantile marine restored to its former strength."

Dr. Chandler, however, though he may perhaps have slightly overstated the extent of the destruction of fixed capital during the war, is certainly right in maintaining that shortage of capital equipment still stands out as one of the principal obstacles to recovery of the world's buying capacity. So great, he says, has been the reduction in physical capital that one of the main contributing causes of the extent of the present world depression is believed to have been the lack of balance between manufacturing capacity, which is largely capitalistic, and raw production capacity. In America impairment of capital plant was most strikingly shown in the condition of some of the railroads and traction companies and in the general shortage of housing. In partieular lines of industry important extensions were made, and it is probable that in shipping and in the automobile and chemical industries and in some of the metal industries capital is now considerably in excess of present consuming capacity, and this diversion of capital from some industries to others during the war resulted, according to Dr. Chandler, in a disproportionate development of capital equipment which left the effectiveness of America's entire capital plant much less than might be suggested by the total amount of existing equipment. In a very interesting analysis of the effect of trade depression and constant liquidation he shows that in some cases it actually diminishes the nation's real capital fund. He gives an example of a company heavily indebted to banks, often parting with much of its stock in trade, going into the market and obtaining new capital with which partially to rehabilitate its impaired working capital. " The stocks or bonds which it floats may not from the point of view of the nation represent a new capital accumulation. If such stocks and bonds serve fully to rehabilitate the working capital and no more, the total supply of the capital of the nation is not increased. On the other hand if such stocks or bonds only partially rehabilitate the working capital of the corporation, the net result may be that in spite of an addition to the supply of capital issues of the country the actual supply of the nation's working capital is reduced." It need not be said that the same thing happens on this side of the water. As companies and firms liquidate their position by selling accumulated stocks of goods which are consumed by the purchasers, there is a definite decrease in the nation's holding of floating capital, and at the same time these sales cause a transfer of funds which by being put into Treasury Bills or into new issues or into the markets of the Stock Exchange create an appearance of an increase in the fund of capital available. If the investment of these funds is in channels which tend to trade recovery, such as the lending of money to impoverished countries, which may thereby be enabled to make purchases of machinery and railway material and other capital goods which will increase their productive power, then the process is obviously beneficial in the long run; but from the point of view of the Stock Exchange and of the Government and of the continuance of the recent rise in securities, it is extremely important to consider how far this process of the transfer of funds from trade to finance can be expected to continue. Some well-informed observers are inclined to think that it has already come to an end and that in the future the issue of new securities and advancing prices in those already existing will have to depend not on transfers of credit, but on real accumulation of capital through saving.

HARTLEY WITHERS.

## THE COURSE OF TRADE

(FROM A YORKSHIRE CORRESPONDENT)

RUNNING through all the vague generalizations on trade improvement, there is at last to be detected a thread of truth. We are beyond the formulæ of the schools; things are really happening. In estimating the future it may prove of value to examine the essential factors rather more in detail than has lately been customary. For this purpose I shall confine this review to the West Riding and attempt to discover in the three basic industries of coal, wool-textiles and general engineering, some reliable index of the prospects of industry as a whole.

That our prosperity depends on cheap coal is an economic axiom: it is as certain that the coal industry can continue only on the basis of a fair profit to the owner and a living wage to the collier. We are nearing the end of a long period of bitter disillusionment resulting from Government interference and socialist propaganda, strongly pressed by a section of civil servants who act with those who style themselves labour intellectuals. It is something in aid of reconstruction that the Prime Minister has been so interested elsewhere, that he has had no time again to interfere with the play of economic forces in the coalfields. These

forces have compelled both owners and colliers to take careful and reasoned stock of their situation as one of the factors in the general scheme of industry. The process has not been pleasant. It may now be regarded as accepted that to subsidize either directly by taxation or indirectly by trade levy any non-paying industry is harmful to general prosperity and can no longer be regarded as practical politics. The result, which is yet by no means complete, means the closing down of many individual seams and of some pits entirely. Although this may lead to temporary unemployment, money is thereby liberated for new development which at least may earn something on the capital employed and in time again absorb the best of the unemployed. The pressure of necessity has compelled pit managers carefully to riddle out from their men the slackers and the time-breakers, and in spite of lessened numbers the effectiveness of this policy is apparent in the steadily rising comparative output of those pits still at work. Wages have fallen by agreement with the price of coal, but there is little doubt that the men have worked harder and better in order to keep up their income. The industry stands to-day almost at cracking point, and unless there is very soon an appreciable increase in demand, only the best pits and those with good financial reserves are in a position to tide over until better times. It may be taken as certain that on the present basis of output there can be little fall in price, otherwise, let alone profit, there will not be a living wage for labour. Any mitigation can come only by an increased demand, which will spread charges over a larger output, together with a sensible reduction of transportation and distribution charges, neither of which has yet borne its fair share of the fall in price. The future of the industry rests entirely on a general revival of trade; by this and this only can a progressive reduction in price be effected. Latterly there has been a better Continental demand, which coupled with the heavy fall in freights may bring back to the industry such a call on output as will keep it alive until trade revives generally. In the meantime stringent conditions will impose on owners the necessity for greater efficiency in management and development, and on men the realization that wages and profits are closely related.

While it cannot be said that the wool-textile trade is normal, it has shown a surprising recovery and one which seems to possess all the elements of stability, always excepting lower-grade materials. Few trades have had more adverse factors to deal with than the textile. Government control was most unwillingly surrendered and to the last played strange tricks with the raw material market. The advent of speculators towards the end of the war period, followed by the company promoters of the post-armistice boom, put so false a value on factories, machinery and stocks that Bradford, Leeds and Huddersfield began to see visions of untold wealth automatically turned out by spindle and loom. The few prudent, foreseeing the end, kept their heads; the many are still nursing their bruises, having now discovered the emptiness of paper values. It is to their credit that they have set their teeth and got down again to the work. Now that the speculators are eliminated and the company promoters returned to London sadder but wiser men, it is possible to gauge values by some tangible index and becomes less difficult to deal with the wreckage left by the merchants' wild orders and still wilder cancellations. Slowly but surely the trade is getting back to its old channels, and if in the process creditors exercise a strong restraining force on adventurous debtors, the past will justify present measures. The output of the workers is undoubtedly better, and they seem now fully to realize that the prosperity of the industry rests as much with them as with their employers. The textile trade has always been fortunate in the possession of a good leaven of steady commonsense workers, and although war conditions may have a little upset their equanimity, they have no illusions left to-day. Trade from abroad and the Colonies promises well, but finance is still difficult, and raw materials scarcely seem yet to have reached a stable basis. In this trade above all others, the banks will need to exercise a wise discretion and freely to lend where general reputation and good business ability can be shown.

The clothing trade has shared in, and probably helped appreciably to cause, the textile improvement. The position, though far from normal, is good and distinctly shows signs of stability. People are definitely refusing poor material, and as money the world over is obviously short, the reason must be that weaving power is at last coming to its own. English makers will eagerly welcome such a sign and can only hope that the preference will extend to other than home markets. Like their textile connexions, clothing manufacturers are to-day very cautious; they have seen too much of their material auctioned off at knock-out prices, and although this now appears to be absorbed they will make certain that there is no over-production for some time to come. It is of good augury that both Colonial and Foreign demands have been a strong factor in this trade revival. It may reasonably be hoped that the general fall in freights may encourage Colonial exports and so accelerate the speed of trade exchange generally.

I wish I could write as hopefully about the engineering position. There trade is practically strangled and every dependent industry slowly sinking into rust and inefficiency. As with many another labour dispute the root of the trouble is seldom laid bare to the public eye. People talk vaguely of lowered wages and the right to control, clearly understanding neither. The real crux is that many engineering processes have become so easy of manipulation through the invention of automatic machinery that their workers can no longer be classed as skilled. The skilled men intend that this semi-skilled work—which needs little training and certainly no long apprenticeship—shall remain the strict preserve of their craft union. The masters reply—and to this there is no economic answer—that in face of the open shop of the United States and the necessity to live of the German workers, they must economize in every direction and can pay skilled rates only for skilled work, allotting the automatic work to others at rates commensurate with their ability and with the pressure of world competition. More than this we need to employ all our inventive powers in the direction of increasing machinery and lessening the costs of production, and if in the process skilled men to some extent may suffer for the time being, that cannot be allowed to over-weight national needs. The position is further complicated by the presence in the skilled ranks of many young men who are justified neither by training nor intelligence in demanding to be rated as skilled. It may be that in the end the industry generally will demand, in addition to and apart from apprenticeship, a strict trade test of efficiency. For the time this would split the skilled unions from top to the bottom, but in the end they would emerge stronger and better and far more forceful in negotiating power for craft purposes. The propaganda of the Communist section is as insistent as ever. By some it is believed to be intent on wrecking the unions and rebuilding them on a political in place of a craft basis. Whether this attempt will succeed depends mainly on the way the employers handle their men when they get them back. If this be sympathetic to craft questions and adamant to political intrigue, there is no reason why the industry should not settle down.

There is generally throughout the West Riding an intense feeling against Government interference, and a healthy belief that a return to reliance on the individual with strong Government backing abroad when British interests are really affected would do more to restore prosperity than all the theories of Currency Commissioners and all the speeches of Conference politicians.

# FIGURES AND PRICES

## PAPER MONEY (in millions)

| | | Latest Note Issue. | Stock of Gold. | Ratio Gold to Notes. | Previous Note Issue. | Note Issue May 31, 1921. |
|---|---|---|---|---|---|---|
| **European Countries** | | | | % | | |
| Austria | Kr. | 351,460 | ? | — | 344,870 | 45,583 |
| Belgium | Fr. | 6,103 | 267 | 4 | 6,176 | 6,161 |
| Britain (B. of E.) | £ | 103 | 157 | 39 | 107 | 108 |
| Britain (State) | £ | 301 | | | 325 | 333 |
| Bulgaria | Leva | 3,615 | 61† | 1† | 3,570 | 3,135 |
| Czecho-Slov. | Kr. | 9,900 | 971† | 9† | 10,103 | 10,851 |
| Denmark | Kr. | 406 | 228 | 56 | 451 | 497 |
| Esthonia | Mk. | 70C | 426† | 60† | 350 | — |
| Finland | Mk. | 1,387 | 43 | 3 | 1,406 | 1,405 |
| France | Fr. | 35,982 | 5,527 | 15 | 35,674 | 38,392 |
| Germany | Mk. | 144,138 | 1,003 | — | 142,903 | 71,839 |
| Greece | Dr. | 1,197 | 1,384† | 116† | 2,255 | 1,735 |
| Holland | Fl. | 994 | 612† | 61† | 996 | 1,030 |
| Hungary | Kr. | 30,704 | ? | — | 30,717 | 13,686 |
| Italy (Bk.) | Lire | 13,,608 | 1,394 | 10† | 13,928 | 13,686 |
| Jugo-Slavia | Dnrs. | 4,773 | 69 | 1 | 4,847 | 3,714 |
| Norway | Kr. | 372 | 147 | 39 | 376 | 425 |
| Poland | Mk. | 266,547 | 29 | — | 255,543 | 94,756 |
| Portugal | Esc. | 749 | 9 | 1 | 752 | 648 |
| Roumania | Lei | 13,961 | 4,662 | 33 | 13,922 | 11,078 |
| Spain | Pes. | 4,160 | 2,522 | 60 | 4,185 | 4,202 |
| Sweden | Kr. | 532 | 274 | 51 | 548 | 651 |
| Switzerland | Fr. | 746 | 544 | 71 | 758 | 945 |
| **Other Countries** | | | | | | |
| Australia | £ | 56 | 23 | 41 | 58 | 58 |
| Canada (Bk.) | $ | 163 | 165 | 36 | 194 | 193 |
| Canada (State) | $ | 269 | | | 269 | 257 |
| Egypt | £E | 31 | 3 | 9 | 34 | 33 |
| India | Rs. | 1,710 | 24 | 13 | 1,717 | 1,678 |
| Japan | Yen. | 1,055 | — | — | 1,114 | 1,160 |
| New Zealand | £ | 8 | 8† | 100† | 8 | 8 |
| U.S. Fed. Res. | $ | 2,141 | 3,008 | 141 | 2,128 | 2,930 |

†Total cash.

## GOVERNMENT DEBT (in thousands).

| | June 3, '22. | May 27, '22. | June 4, '21. |
|---|---|---|---|
| | £ | £ | £ |
| Total deadweight | 7,663,147 | 7,624,389 | 7,642,351 |
| Owed abroad | 1,082,833 | 1,082,833 | 1,122,830 |
| Treasury Bills | 795,969 | 771,269 | 1,172,817 |
| Bank of England Advances | 14,500 | — | 49,500 |
| Departmental Do. | 171,886 | 171,981 | 145,105 |

NOTE.—The highest point of the deadweight debt was reached at Dec. 31, 1919, when it touched £7,998 millions. On March 31, 1921, it was £7,574 millions, and on March 31, 1922, £7,654 millions. The increase of £80 millions shown by the latter figures is nominal and due to a conversion scheme. During the year £88 millions was actually devoted to redemption of Debt.

## GOVERNMENT ACCOUNTS (in thousands).

| | June 3, '22. | May 27, '22. | June 4, '21. |
|---|---|---|---|
| | £ | £ | £ |
| Total Revenue from Ap. 1 | 137,741 | 127,864 | 155,373 |
| ,, Expenditure ,, ,, | 151,746 | 103,111 | 223,366 |
| Surplus or Deficit | —14,005 | +24,753 | —67,993 |
| Customs and Excise | 44,898 | 41,806 | 47,704 |
| Income and Super Tax | 46,843 | 43,823 | 54,957 |
| Stamps | 2,092 | 1,962 | 1,824 |
| Excess Profits Duties | 954 | 954 | 16,002 |
| Post Office | 8,750 | 7,500 | 7,500 |
| Miscellaneous—Special | 10,276 | 8,947 | 10,457 |

## BANK OF ENGLAND RETURNS (in thousands)

| | June 8, '22. | June 1, '22. | June 8, '21. |
|---|---|---|---|
| | £ | £ | £ |
| Public Deposits | 15,541 | 28,741 | 17,659 |
| Other ,, | 125,938 | 101,481 | 133,287 |
| Total | 141,479 | 130,222 | 150,946 |
| Government Securities | 61,137 | 47,998 | 73,276 |
| Other ,, | 73,281 | 75,359 | 76,909 |
| Total | 134,418 | 122,357 | 150,185 |
| Circulation | 122,513 | 122,715 | 128,280 |
| Do. less notes in currency reserve | 103,063 | 103,265 | 108,830 |
| Coin and Bullion | 128,886 | 128,881 | 128,369 |
| Reserve | 24,823 | 24,615 | 18,539 |
| Proportion | 17.5% | 18.8% | 12¼% |

## CURRENCY NOTES (in thousands)

| | June 8, '22. | June 1, 22. | June 8, '21. |
|---|---|---|---|
| | £ | £ | £ |
| Total outstanding | 301,429 | 298,279 | 330,071 |
| Called in but not cancld. | 1,615 | 1,617 | 2,062 |
| Gold backing | 28,500 | 28,500 | 28,500 |
| B. of E. note, backing | 19,450 | 19,450 | 19,450 |
| Total fiduciary issue | 251,864 | 248,712 | 280,059 |

## BANKERS CLEARING RETURNS (in thousands)

| | *June 8, '22. | June 1, '22. | June 8, '21. |
|---|---|---|---|
| | £ | £ | £ |
| Town | 536,484 | 597,111 | 536,084 |
| Metropolitan | 27,927 | 27,408 | 32,586 |
| Country | 51,265 | 48,477 | 57,093 |
| Total | 615,676 | 672,996 | 625,763 |
| Year to date | 17,571,151 | 16,955,475 | 15,918,939 |

*Bank Holiday.

## LONDON CLEARING BANK FIGURES (in thousands)

| | April, '22. | Mar., 22. | Apr., '21. |
|---|---|---|---|
| | £ | £ | £ |
| Coin, notes, balances with Bank of England, etc. | 212,144 | 207,900 | 204,983 |
| Deposits | 1,782,118 | 1,791,860 | 1,751,719 |
| Acceptances | 57,069 | 57,558 | 63,585 |
| Discounts | 323,260 | 353,901 | 278,302 |
| Investments | 396,079 | 386,013 | 322,784 |
| Advances | 763,415 | 764,508 | 869,901 |

## MONEY RATES

| | June 8, '22. | June 1, 22. | June 8, '21. |
|---|---|---|---|
| | % | % | % |
| Bank Rate | 4 | 4 | 6½ |
| Do. Federal Reserve N.Y. | 4½ | 4½ | 7 |
| 3 Months' Bank Bills | $2\frac{5}{16}$-⅜ | $2\frac{5}{16}$ | 5½-⅝ |
| 6 Months' Bank Bills | $2\frac{5}{16}$-⅜ | $2\frac{5}{16}$ | 5½-⅝ |
| Weekly Loans | 2½ | 2½ | 5 |

## FOREIGN EXCHANGES (telegraphic transfers)

| | June 8, '22. | June 1, 22. | June 8, '21. |
|---|---|---|---|
| New York, $ to £ | 4.50½ | 4.45⅛ | 3.73 |
| Do., 1 month forward | 4.50$\frac{9}{16}$ | 4.45¼ | — |
| Montreal, $ to £ | 4.54¼ | 4.49½ | 4.17 |
| Mexico, d. to $ | 26½d. | 26½d. | 30¼d. |
| B. Aires, d. to $ | 44$\frac{1}{16}$d. | 44$\frac{7}{16}$d. | 45$\frac{3}{16}$d. |
| Rio de Jan., d. to milrs. | 7$\frac{11}{16}$d. | 7$\frac{7}{16}$d. | 8$\frac{3}{16}$d. |
| Valparaiso, $ to £ | 36.40 | 37.60 | — |
| Montevideo, d. to $ | 44¼d. | 44d. | 42¾d. |
| Lima, per Peru £ | 11% prem. | 17% prem. | — |
| Paris, frcs. to £ | 49.35 | 48.95 | 47.22½ |
| Do., 1 month forward | 49.35 | 48.95 | — |
| Berlin, marks to £ | 1,255 | 1,210 | 253½ |
| Brussels, frcs. to £ | 53.44 | 52.95 | 47.32½ |
| Amsterdam, fl. to £ | 11.52 | 11.48 | 11.37 |
| Switzerland, frcs. to £ | 23.50 | 23.28 | 22.25½ |
| Stockholm, kr. to £ | 17.26 | 17.15 | 16.87½ |
| Christiania, kr. to £ | 25.45 | 24.70 | 25.60½ |
| Copenhagen, kr. to £ | 20.35 | 20.35 | 21.95½ |
| Helsingfors, mks. to £ | 209 | 210 | 215½ |
| Italy, lire to £ | 86⅛ | 85⅞ | 77⅞ |
| Madrid, pesetas to £ | 28.41 | 28.22 | 29.09½ |
| Greece, drachma to £ | 107½ | 107½ | 61¾ |
| Lisbon, d to escudo | 4⅛d. | 4⅛d. | 7⅜d. |
| Vienna, kr. to £ | 63,000 | 49,000 | 1,650 |
| Prague, kr. to £ | 232 | 230 | 265½ |
| Budapest, kr. to £ | 3,850 | 3,625 | — |
| Bucharest, lei to £ | 650 | 660 | 237½ |
| Belgrade, dinars to £ | 310 | 305 | 125½ |
| Sofia, leva to £ | 600 | 605 | 325 |
| Warsaw, marks to £ | 18,250 | 17,500 | 4,700 |
| Constntnple, piastres to £ | 690 | 700 | 543 |
| Alexandria, piastres to £ | 97½ | 97½ | 97½ |
| Bombay, d. to rupee / Calcutta, d. to rupee | 15½d. | 15¾d. | 15$\frac{11}{16}$d. |
| Hongkong, d. to rupee | 30¾d. | 31¼d. | 30⅛d. |
| Shanghai, d. to tael | 42d. | 43d. | 40⅜d. |
| Singapore, d. to $ | 27⅜d. | 27$\frac{13}{16}$d. | 29¾d. |
| Yokohama, d. to yen | 25$\frac{7}{16}$d. | 25$\frac{11}{16}$d. | 30¾d. |

## TRADE UNION PERCENTAGES OF UNEMPLOYED

| | End Apr. 1922. | End Mar. 1922. | End July 1921. |
|---|---|---|---|
| *Membership.* | | | |
| Reporting Unions | 1,387,333 | 1,353,013 | 1,384,935 |
| Unemployed | 236,308 | 220,847 | 231,562 |
| Percentage | 17 | 16.3 | 16.7 |

## COAL OUTPUT

| Week ending | May 27, 1922. | May 20, 1922. | May 13, 1922. | May 27* 1921. |
|---|---|---|---|---|
| | tons. | tons. | tons. | tons. |
| | 4,629,600 | 4,804,100 | 4,945,200 | — |
| | 99,386,900 | 94,757,300 | 89,953,200 | 48,105,280 |

*Dispute.

## IRON AND STEEL OUTPUT

| | 1922. Apr. | 1922. Mar. | 1922. Feb. | 1921. Apr.* |
|---|---|---|---|---|
| | tons. | tons. | tons. | tons. |
| Pig Iron | 394,300 | 389,000 | 300,100 | 60,300 |
| Yr. to date | 1,371,400 | 977,100 | 588,100 | 1,552,000 |
| Steel | 404,200 | 549,400 | 415,000 | 70,500 |
| Yr. to date | 1,696,100 | 1,291,900 | 742,500 | 1,405,000 |

* Coal Mining Dispute.

## PRICES OF COMMODITIES

### METALS, MINERALS, ETC.

| | June 8, '22. | June 1, '22. | June 8, '21. |
|---|---|---|---|
| Gold, per fine oz. ......... | 91s. 6d. | 93s. 1d. | 107s. 11d. |
| Silver, per oz. ............... | 35⅞d. | 36¼d. | 34⅞d. |
| Iron, Sc'h pig No. 1 ton | £4.18.6 | £4.16.0 | £6.6.0 |
| Steel rails, heavy ,, | £9.5.0 | £9.5.0 | £15.0.0 |
| Copper, Standard ,, | £62.8.9 | £63.3.9 | £73.0.0 |
| Tin, Straits ,, | £153.8.9 | £153.7.6 | £167.12.6 |
| Lead, soft foreign ,, | £24.7.6 | £24.6.3 | £22.17.6 |
| Spelter ,, | £28.0.0 | £28.0.0 | £26.10.0 |
| Coal, best Admiralty ,, | 27s. 0d. | 27s. 3d. | *57s. 0d. |

*Coal Dispute.

### CHEMICALS AND OILS

| | | | |
|---|---|---|---|
| Nitrate of Soda, per ton | £16.0.0 | £16.0.0 | £21.10.0 |
| Indigo, Bengal per lb. | 9s. 6d. | 9s. 6d. | 10s. 0d. |
| Linseed Oil, spot per ton | £44.0.0 | £43.0.0 | £34.10.0 |
| Linseed, La Plata ton | £19.5.0 | £19.0.0 | £18.15.0 |
| Palm Oil, Benin spot ton | £30.15.0 | £31.10.0 | £32.15.0 |
| Petroleum, w. white gal. | 1s. 5d. | 1s. 5d. | 1s. 10½d. |
| Turpentine cwt. | 68s. 6d. | 70s. 0d. | 80s. 0d. |

### FOOD

| | | | |
|---|---|---|---|
| Flour, Country, straights ex mill 280 lb. | 41s. 6d. | 42s. 6d. | 61s. 0d. |
| Wheat, English Gaz. Avge. per 480 lbs. | 55s. 11d. | 56s. 3d. | 89s. 4d. |
| Wheat, No. 2 Red Winter N.Y. per bush. | 132 cents. | 126⅛ cents. | 177⅛ cents. |

### TEXTILES, ETC.

| | | | |
|---|---|---|---|
| Cotton, fully middling, American per lb. | 12.04d. | 12.17d. | 8.31d. |
| Cotton, Egyptian, F.G.F. Sakel per lb. | 19.00d. | 19.25d. | 16.00d. |
| Hemp, N.Z. spot, per ton | £30.10.0 | £30.10.0 | £42.0.0 |
| Jute, first marks ,, | £35.10.0 | £35.10.0 | £30.0.0 |
| Wool, Aust., Medium Greasy Merino lb. | 17d. | 17d. | 14d. |
| La Plata, Av. Merino lb. | 13d. | 13d. | 10½d. |
| Lincoln Wethers lb. | 7¾d. | 7¾d. | 8d. |
| Tops, 64's lb. | 58d. | 58d. | 44d. |
| Rubber, Std. Crepe, lb. | 7⅜d. | 7⅞d. | 8½d. |
| Leather, sole bends, 14-16lb per lb. | 2s. 4d. | 2s. 4d. | 2s. 6d. |

### OVERSEAS TRADE (in thousands)

| | Apr., 1922. | Apr., 1921. | four months 1922. | four months 1921. | |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | % |
| Imports ............... | 80,662 | 89,951 | 314,288 | 397,557 | — 20 |
| Exports ............... | 55,508 | 59,868 | 241,570 | 287,654 | — 16 |
| Re-exports ......... | 9,200 | 8,524 | 37,986 | 35,371 | + 7 |
| Balance of Imports | 15,954 | 21,559 | 34,732 | 74,532 | — 53 |
| Expt. cotton gds. total | 14,949 | 13,389 | 60,632 | 74,947 | — 19 |
| Do. piece gds. sq. yds. | 302,598 | 186,761 | 1,197,527 | 912,778* | + 31 |
| Expt. woollen goods | 4,652 | 5,570 | 18,467 | 25,032 | — 26 |
| Export coal value... | 4,650 | 1,310 | 19,666 | 15,388 | + 27 |
| Do. quantity tons... | 4,097 | 606 | 17,333 | 6,004 | +188 |
| Export iron, steel... | 4,979 | 6,923 | 21,262 | 31,329 | — 32 |
| Export machinery... | 4,281 | 7,784 | 20,598 | 29,542 | — 30 |
| Tonnage entered ... | 3,313 | 2,624 | 12,032 | 10,952 | + 9 |
| ,, cleared ... | 4,184 | 1,888 | 16,804 | 10,065 | + 67 |

### INDEX NUMBERS

| United Kingdom— Wholesale (*Economist*). | May, 1922. | Apr., 1922. | Mar., 1922. | May, 1921. | July, 1914. |
|---|---|---|---|---|---|
| Cereals and Meat ... | 1,040½ | 1,008½ | 980 | 1,195 | 579 |
| Other Food Products | 657 | 667 | 687 | 691 | 352 |
| Textiles .................... | 1,079 | 1010 | 1,038 | 996 | 616½ |
| Minerals ................ | 710½ | 709½ | 700 | 963 | 464½ |
| Miscellaneous .......... | 885 | 890 | 892 | 1,065 | 553 |
| Total .................. | 4,372 | 4,285 | 4,297 | 4,910 | 2,565 |

| *Retail (Ministry of Labour)*— | Apr., 1922. | Mar., 1922. | Feb., 1922. | Apr., 1921. | July 1914. |
|---|---|---|---|---|---|
| Food, Rent, Clothing, etc. .................. | 181 | 182 | 186 | 228 | 100 |

| Germany—Wholesale (*Frankfurter Zeitung*) | May 1, 1922. | Apr. 1, 1922. | Mar. 1, 1922. | Mar. 1, 1921. | average 1913. |
|---|---|---|---|---|---|
| All Commodities ....... | 585 | 543 | 435 | 131 | 9.23 |

| United States—Wholesale (*Bradstreet's*) | May 1, 1922. | Apr. 1, 1922. | May 1, 1921. | Aug. 1, 1914. |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| All Commodities ............ | 11.744 | 11.5317 | 10.8208 | 8.7087 |

### FREIGHTS

| *From Cardiff to* | | June 8, 1922. | June 1, 1922. | June 8* 1921. |
|---|---|---|---|---|
| West Italy | (coal) | 10/6 | 10/6 | 18/0 |
| Marseilles | ,, | 10/6 | 11/0 | 16/0 |
| Port Said | ,, | 13/0 | 13/0 | 17/6 |
| Bombay | ,, | 22/0 | 22/0 | 23/0 |
| Islands | ,, | 9/9 | 9/9 | 12/0 |
| B. Aires | ,, | 13/3 | 13/6 | 20/0 |
| *From* | | | | |
| Australia | (wheat) | 42/6 | 42/6 | 52/6 |
| B. Aires | (grain) | 25/0 | 26/3 | 55/0 |
| San Lorenzo | ,, | 26/3 | 27/6 | 57/6 |
| N. America | ,, | 2/9 | 2/9 | 6/0 |
| Bombay | (general) | 17/6 | 17/6 | 22/6 |
| Alexandria | (cotton-seed) | 10/6 | 10/6 | 14/6 |

*Nominal owing to mining dispute.

## TRADE OF COUNTRIES (in millions)

| Country. | | Months. | 1922. Imports. | 1922. Exports. | + or — Exports |
|---|---|---|---|---|---|
| Belgium | Fr. | 12† | 10,054 | 7,147 | — 2,907 |
| Bulgaria | Leva | 9† | 1,900 | 1,000 | — 900 |
| Denmark | Kr. | 3 | 275 | 256 | — 19 |
| Finland | Mk. | 4 | 810 | 718 | — 92 |
| France | Fr. | 3 | 5,267 | 5,369 | + 102 |
| Germany | Mk. | 2 | 24,800 | 29,000 | + 4,200 |
| Greece | Dr. | 1 | 159 | 83 | — 76 |
| Holland | Fl. | 3 | 484 | 303 | — 181 |
| Spain | Pes. | 12† | 1,260 | 798 | — 462 |
| Sweden | Kr. | 2 | 126 | 99 | — 27 |
| Switzerland | Fr. | 12† | 2,296 | 2,140 | — 156 |
| B. S. Africa | £ | 12† | 53 | 61 | + 8 |
| Brazil | Mrs. | 12† | 1,690 | 1,710 | + 20 |
| Canada | $ | 12‡ | 748 | 740 | — 8 |
| Egypt | £E | 12† | 56 | 42 | — 14 |
| F.M.S. | £ | 12† | 12 | 15 | + 3 |
| India | Rs | 2 | 74.46* | 68.22* | — 6.24* |
| Japan | Yen. | 4 | 762 | 397 | — 365 |
| New Zealand | £ | 12† | 43 | 45 | + 2 |
| United States | $ | 3 | 692 | 862 | + 170 |

*Lakhs. 1921† ‡To Mar, '22.

## SECURITY PRICES

### BRIT. AND FOREIGN GOVT.

| | | June 8, '22. | June 1, '22. | June 8, '21. |
|---|---|---|---|---|
| Consols ........................ | | 56 | 57½ | 45⅞ |
| War Loan | 3½% ... | 94 | 94½ | 87¾ |
| Do. | 4½% | 96 | 96¼ | 80¾ |
| Do. | 5% ... | 99¼ | 99¾ | 87 13/16 |
| Do. | 4% ... | 100½ | 100¾ | 96¾ |
| Funding | 4% ... | 85¼ | 86¾ | 71⅞ |
| Victory | 4% ... | 88⅛ | 89⅝ | 77⅝ |
| Local Loans | 3% ... | 64¼ | 65⅞ | 53 x D |
| Conversion | 3½% ... | 75¼ | 77 | 62½ |
| Bank of England | | 248 | 253 | 182½ |
| India | 3½% ... | 67 | 69 | 57 |
| Argentine (86) | 5% ... | 100 | 100 | 93 |
| Belgian | 3% ... | 70 | 71¼ | 58 |
| Brazil (1914) | 5% ... | 69¾ | 71¼ | 56½ |
| Chilian (1886) | 4½% ... | 84 | 83 | 74 |
| Chinese | 5% '96 | 91 | 91¾ | 84½ |
| French | 4% ... | 35 | 36½ | 34 |
| German | 3% ... | 2 11/16 | 2⅜ | 6¼ |
| Italian | 3½% ... | 24 | 24 | 27½ |
| Japanese | 4½% (1st) | 102 | 103 | 115 |
| Russian | 5% ... | 14 | 14 | 14 |

### RAILWAYS

| | | | |
|---|---|---|---|
| Great Central Pref. ...... | 21½ | 23¼ | 10¼ |
| Great Eastern ............... | 40½ | 42¾ | 28¼ |
| Great Northern Pref. ...... | 67 | 68½ | 44 |
| Great Western ............ | 106¼ | 106¾ | 69½ |
| Lond. Brighton Def. ...... | 63¼ | 65¾ | 41½ |
| Lond. Chatham ............ | 10¾ | 11⅜ | 5⅞ |
| L. & N.W. ................. | 104¾ | 106 | 72 |
| L. & S.W. Def. ............ | 30½ | 31 | 20⅛ |
| Metropolitan ............... | 45½ | 47½ | 26½ |
| Do. District ... | 37 | 38 | 19½ |
| Midland Def. .............. | 67¾ | 69 | 45½ |
| North Brit. Def. ............ | 18⅞ | 23 | 12 |
| North Eastern ............ | 118¾ | 114 | 73½ |
| South Eastern Def. ...... | 37¼ | 38¾ | 22½ |
| Underground "A" ...... | 6/9 | 7/0 | 7/9 |
| Antofagasta ................. | 61½ | 64½ | 52 |
| B.A. Gt. Southern ......... | 72 | 74 | 54½ |
| Do. Pacific ......... | 46½ | 48 | 36½ |
| Canadian Pacific ......... | 154 | 157 | 148 |
| Central Argentine ......... | 64 | 66 | 50½ |
| Grand Trunk ............... | 1¼ | 1½ | 4¾ |
| Do. 3rd. Pref.... | 4½ | 4¾ | 13 |
| Leopoldina ................. | 27½ | 27½ | 21 |
| San Paulo ................. | 129 | 139 | 121½ |
| United of Havana ......... | 61½ | 61½ | 63 |

### INDUSTRIALS, ETC.

| | | | |
|---|---|---|---|
| Anglo-Persian 2nd Pref.... | 25/9 | 25/9 | 22/0 |
| Armstrongs ................. | 17/1½ | 16/9 | 16/6 |
| Brit.-Amer. Tobacco ...... | 79/0 | 79/6 | 67/6 |
| Burmah Oil ............... | 5⅜ | 5⅜ | 6¾ |
| Coats ........................ | 63/0 | 63/6 | 46/3 |
| Courtaulds ................. | 49/0 | 50/9 | 35/3 |
| Cunard ..................... | 20/9 | 20/9 | 19/0 |
| Dorman Long ............... | 17/10½ | 17/1½ | 16/6 |
| Dunlop ..................... | 9/0 | 9/3 | 10/9 |
| Fine Spinners ............. | 39/9 | 39/3ex | 33/9 |
| Hudsons Bay ............. | 6 1/16 | 6 1/16 | 6¾ |
| Imp. Tobacco ............. | 61/0 | 61/3 | 48/6 |
| Linggi ..................... | 24/6 | 23/6 | 26/3 |
| Listers ..................... | 25/3 | 25/6 | 16/6 |
| Marconi ..................... | 2 19/32 | 2¾ | 2⅜ |
| Mexican Eagle ............ | 3 19/32 | 3 5/16 | 6⅜ |
| P. & O. Def. ............... | 320 | 315 | 335 |
| Royal Mail ................. | 91 | 93 | 87½ |
| Shell ....................... | 4 13/16 | 5 1/16 | 5¾ |
| Vickers ..................... | 11/6 | 11/6 | 13/3 |

## STOCK MARKET LETTER

From the hurly-burly of a strenuous activity, the investment markets of the Stock Exchange have slipped into a quiet backwater of what members term neglect. The little flare-up of speculation in Home Railway stocks—which threw a cheerful light upon the dry-as-dust preferred issues—has quieted into a subdued reflection of last month's bullishness. Prices underwent a salutary shake-out on Wednesday in this week, and first-class compartments in suburban trains admitted a restrained wonder whether the boom were to be accounted over, or whether prices had but recoiled in order that they might the higher jump next week. It is not easy to guess. The appetite of speculation has been whetted. Remarkably fine profits can still be taken, even after the decline, by those who boldly bought Home Railway stocks before the heat-wave developed. On paper, prices are high enough, but paper is as flimsy as the prospectus promises of a mining company. Little Chathams are a market tip; possibly because one can get a lot of stock for a little money. South Western Deferred has a following which can produce quite reasonable arguments to support its expectation of another three or four points rise. North Easterns, with powerful friends in Newcastle, Hull and London, are held to have by no means exhausted their vitality. Possibly the onlooker may be permitted to add Brighton Deferred, the once-so-popular Berthas, to the list of "cheap" stocks. Being a passenger line, the Company is less affected by trade conditions than many other railways. The engineers' lock-out, now happily over, can have done little harm to the Brighton Company. The dividend of 4½ per cent., if maintained, gives 7⅛ per cent. on the money at 63. A record holiday season, both for home and Continental travel, appears to be well-assured. On the eve of war's outbreak, Brighton "A" stood at 76¾. These are factors that deserve consideration when the speculative mind is flirting with possibilities of rising Home Railway prices when the market shall turn better again.

The Stock Exchange is like a nest of angry hornets every afternoon at three o'clock. At that hour members have been accustomed to pack up their troubles and go home. In order to set a virtuous example to the rest of the community, the Stock Exchange Committee decided that the House shall remain open until four o'clock. There is literally nothing to do in the last hour; so, every day, a wild chorus of groans, hoots and boos, directed against the Committee, goes up from every market. When several hundreds of men have not booked a single bargain from a quarter to eleven to three o'clock, the keeping them in for another sixty hot and weary minutes is an intolerable injury to exasperated, "fed-up" feelings. To go home before the official time, if there is a thousand-to-one chance of dealing at a profit, would be unthinkable. To have to stay in the House, simply from a mistaken idea of altruism on the part of the Committee, is maddening.

Many of the firms of Stock Exchange jobbers make a practice of issuing lists of the stocks and shares in which they deal, giving particulars of the securities suggested. The ordinary investor is certainly far better instructed to-day than ever he has been in the past, and, what is more, has opportunities for exercising his discrimination in the manner which is always desirable. It happens, of course, often enough that the man who wants to spend a few hundred pounds will think a good deal more of his stockbroker's advice than of any number of statistics and any quantity of information which may be placed before him. Experience has taught the safety of this practice in most instances, but the writer who ventures to recommend this, that or the other has the feeling that so many varying circumstances come into play in individual cases that he is obliged to proceed on lines more or less broad, trusting that his suggestions, if used, may be followed up by enquiries for fuller information than space permits in a general survey. Many investors will find that the now obtainable Hendon Electric 6 per cent. Preference shares of £5 each, standing at 98s., will prove the kind of thing for which they are on the look-out, for it is by no means easy nowadays to get anything to yield over 6 per cent. on sound shares. The dullness of investment markets generally is not preventing a steady amount of speculative investment in Whitehall Investments 6 per cent. 1st Mortgage Debenture stock, obtainable about 88, and the venturesome are putting a little money into P.L.M. Sixes at 89, though fighting somewhat shy of the French shipping debentures recently offered and left, as most people know, mainly in the hands of the underwriters.

JANUS

# New Issues

**Rhondda Valley and Ely Breweries.** Offer for sale at 98 of £800,000 6½ per cent. First Mortgage Debenture Stock, repayable April 1, 1953. An annual sinking fund will redeem over 86 per cent. of the debenture stock by April 1, 1953. The company will reserve the right to redeem the stock as a whole, or in part by drawings, at 103, on any interest date after April, 1938. A letter from the Chairman states that the stock will be secured as a First Specific Mortgage and First Specific Charge on the freehold and leasehold properties respectively, and a first floating charge on the remaining property and undertaking. The proceeds will be used in the redemption of the outstanding debenture stock, in repayment of bank and other loans and mortgages, and for the purchase of additional licensed properties. The property to be specifically mortgaged and charged comprises property valued recently at £1,539,660, and 16 licensed properties which the company has contracted to purchase for about £216,000. The stock thus seems to be amply secured, but it is not clear that no further issues can be specifically charged on the same properties ranking *pari passu*. With regard to the floating charge this provision is definitely stated, except with regard to after-acquired freehold, copyhold or leasehold properties.

**Associated Municipalities of Denmark.** Issue at 93½ of £2,000,000 5 per cent. bonds. The loan will be redeemed during thirty-five years by an accumulative sinking fund, beginning July 1, 1932, to be applied by half-yearly drawings when the price is at or above par and by purchases below par. On and after July, 1932, the Associated Municipalities reserve the right to repay the whole or part at par on six months' notice. The object of the issue is to provide for the funding of debt and for new works. The bonds will be secured by the joint and several guarantee of the 26 Municipalities of Denmark, comprising the Associated Municipalities of Denmark. They undertake that for all foreign holders residing out of Denmark the bonds and coupons of this loan are to be free from every kind of tax or stamp which may at present exist in Denmark or may be created hereafter. The total population of these municipalities is given as 272,400, showing an average of not much more than 10,000. The figures given as to debt, property, etc., indicate a sound position, but as they are only shown on one date, it is not possible to trace progress. On the whole, the security looks good, but not very tempting at the price of issue.

**City of Greater Prague 7½ per cent. Mortgage Loan of** 1922. Amount authorized £1,500,000 and $7,500,000. Issue in London at 92½ of £1,500,000 Sterling Bonds. Principal and interest are payable in London in sterling free from all Czechoslovak taxes or other Czechoslovak deductions, present or future. The Sterling Loan will be redeemed by a cumulative sinking fund to be applied yearly by purchases below par or by drawings at par commencing in the year 1923, and calculated to complete the redemption by May 1, 1952, with power to the City to repay the whole (but not a part) on November 1, 1932, or any interest date there-

after at 102 on 90 days' notice. The loan is the direct obligation of the City and will be secured by a specific and exclusive first mortgage on the electrical, gas, water, and tramway undertakings owned by the City, including all new constructions and extensions to be made out of the proceeds of the loan. All gross re ceipts from the mortgaged undertakings will be paid by the City into a special account, from which the City will transfer fortnightly to an approved bank in Prague one twenty-sixth part of the annual service of the sterling loan for conversion and monthly remittance to London. Due coupons and drawn bonds will be accepted at their full face value by the Czechoslovak Goverment in payment of customs duties and by the City in payment of all municipal taxes, exchange being calculated at the rate on London ruling on the Prague Bourse the day preceding presentation. The dollar part of the loan has lately been issued in New York. Barring political accidents, the security looks quite good.

New capital issues for May were the second largest since July, 1920, and the total for five months of 1922 is nearly £56 millions higher than for 1921. Of the total of £35¾ millions raised in May 47% was for employment in foreign countries, 25% on behalf of the United Kingdom, 21% British Possessions, and the remainder Indian and Ceylon. Borrowings on behalf of foreign governments, municipalities and enterprises reached the highest figure in the post-war period, and the amount subscribed in the five months is double that for the same period of last year. We give below a comparison, based on the figures of the London Joint City and Midland Bank.

000's omitted.

| | United Kingdom. | India & Ceylon. | British Possessions. | Foreign Counties | Total. |
|---|---|---|---|---|---|
| 1922. | £ | £ | £ | £ | £ |
| May ...... | 9,050 | 1,938 | 7,740 | 17,055 | 35,783 |
| 5 months | 58,542 | 2,058 | 34,762 | 50,795 | 146,157 |
| 1921. | | | | | |
| May ...... | 6,517 | 5 | 4,687 | 5,977 | 17,186 |
| 5 months | 47,298 | 8,668 | 14,516 | 19,819 | 90,301 |
| 1920. | | | | | |
| May ...... | 19,124 | — | 1.240 | 497 | 20,861 |
| 5 months | 190,811 | 1,414 | 13,398 | 8,050 | 213,673 |

# Foreign News

**France.** As stated in the Financial Supplement of May 13 the French Minister of Finance has promised the introduction of measures likely to improve the tax collecting machinery. He has now fulfilled this promise, and what is recorded in the Paris newspapers on his intentions, shows that he has hit upon the ingenious idea of pressing the banks and stockbroking firms into the service of the Revenue "intelligence" department. All companies and firms likely to handle on behalf of their customers securities or cash are to report, according to these proposals, to the fiscal authorities all deposits of securities or cash, all advances on securities granted to customers, indicating the name of the principal, his places of birth and of residence, and also, if married, all particulars regarding his or her consort. The firms in question furthermore will have to give access to their books to revenue officials. No interest or dividend warrant is to be cashed by banks, etc., without being accompanied with a very elaborate declaration, apparently only short of personal weights, measurements and finger-prints. Should the person negotiating the coupon not be the owner of the respective security, that name, etc., has to be given also. This will entail a number of forms being filled up and carefully kept by the banks, severe monetary "sanctions" being provided for any failure on their part to comply with the regulations, which also include the obligation of advising the revenue officials of the death of clients having a deposit of securities, current account or safe with them. This has to be done also if the client should have the misfortune of losing his or her consort. These proposals, which must surprise anybody conversant with the very small profit which the safe keeping of securities and the handling of coupons leave to banks, are dictated by the desire of capturing within the nets of this system of control all false declarations for the purpose of income tax or death duty assessments. This spying system is not improved by the provision that the revenue official, discovering a false declaration, is to receive one quarter of the amount of the fine. On the face of it, this carefully-thought-out machinery of checking and counter-checking the declarations has very great drawbacks; it must lead to an increase in the cost of the collection, and, what is still more important from a general point of view, it imposes on the financial firms duties which entail a probably considerable increase in their expenditure for no purpose of their own, and also liability to fines in case of possible clerical errors. On the other hand banks are practically certain to lose business by the withdrawal of accounts and securities on the part of customers, who prefer to keep cash and bonds in their safe at home where they are protected from the prying official, unless his power should be further strengthened by means of search warrants. The banks, whose influence in the sphere of politics is fairly strong in France, will have little difficulty of convincing the Chamber that the proposals put forward by M. de Lasteyrie, who, by the way, expects to get in some 50 million francs by searching the pockets of the taxpayer, will have a very bad influence. Besides the actual cost due to the increased staffs of the revenue offices there are also to be taken into consideration the imponderable factors which count with the investor and therefore react on public credit, and are sometimes the undoing of the success of an issue. Moreover, no keeper of the public purse can afford to incur the hostility of the banking community, whose assistance is invaluable in connection with loan flotations. Excessive fiscal pressure and interference, furthermore, lead to capital flight, which again reacts on the exchange position. Altogether the officials responsible for these Draconian proposals are likely to have to climb down before long, and much of their purpose could be achieved by the adoption of a system of registration of securities such as exists in England and also in France as far as Government stocks are concerned.

## EUROPEAN RECONSTRUCTION

IN the course of his statement to the American Academy of Political and Social Science, Mr. Goodenough, the Chairman of Barclays Bank, said :—

I would venture to draw your attention to my Address* to the American Chamber of Commerce in London on April 10 last. I have there endeavoured to show by a comparison of figures representing pre-war trade and their application to the payment of interest and redemption of pre-war debts, and on the other hand to the amount of the War Debts and Reparations, how impossible it is to expect that there may be such an increase of world trade as will suffice to provide for the payment of these latter at the figures at which they now stand, and I have urged the reasons why it is in the interest of the whole world—and especially of America—that there should be a reduction, and that the final amount should be fixed with the least possible delay. Further than this, I have shown how desirable it is that payment should be spread over as long a period as possible. . . . England will pay her debts in full, but it will be to the advantage of the world if England and America are in accord as to the economic dangers involved in insisting upon payment by others to a degree which would be beyond their capacity to bear except through

their taking such steps as will alter their economic basis in relation to that of the rest of the world.

In regard to the method of payment of such sums as may eventually be fixed, my address contains a suggestion that bonds should be issued by each debtor country, and should be handed to the creditor countries, who may in their turn use them for the discharge of their own debts to any other creditor. This would involve an endorsement of the bonds, and the object of this plan would be to reduce to the smallest possible compass the amount of securities which would be required to pass between debtors and creditors. It seems to me that in this way dangers of inflation may be avoided, especially if my further sugestion for the endorsement of these bonds and their gradual issue with the endorsement also of the issuing country for subscription by the investing public wherever surplus funds may be seeking sound investment, can be adopted. . . There is to my mind a great advantage to be secured by this plan. We all know that stabilisation of exchange must primarily depend upon trade balance, but in pre-war times experience has shown how useful a part has been played in the adjustment of trade balances through the medium of International Securities which have passed and re-passed according to exchange conditions between America and Europe and *vice versa,* with the effect of assisting towards stabilisation. These securities would fulfil such a requirement. Many suggestions have been made as to the desirability of initiating some form of International Currency with precisely this object in view. I do not myself see what better form of adjustment could be forthcoming at the present time than International Securities rather than an International Currency, and the utilization of the Inter-Allied Debts and Reparation Bonds for this purpose, if their ultimate payment is spread over a long period of years, would help to remove that disturbance of trade and exchange conditions which the direct settlement of debts between Government and Government would inevitably involve.

These suggestions have been widely discussed, and one of the principal objections which has been put to me has been that the ultimate responsibility for principal and interest falls upon the endorsers of the bonds issued by Germany for the amount of her Reparation Payments. This is of course true, but my view is that if the Reparation Payments were duly agreed at a reasonable figure, and finally fixed, and the method which I have suggested were adopted—and especially that by which the bonds would find their home in the markets of the world—any practical danger which would involve actual disbursement by the guarantors would be reduced to a minimum. So long as these bonds remain in the hands of the Governments, and so long as there can be any question as to their being of an amount which is reasonable or otherwise, there will continue the risk of their being used with political objects. There may be dangers that the interest payments, or the principal when it becomes due, may go by default, but on the other hand, if once the amount is agreed and finally settled, and the bonds should become internationalised in the way in which I have suggested, and held by the investing public, it seems to me that all such risks would be avoided, and the carrying through of such an operation would in itself be in the nature of a guarantee that Germany would pay.

# Dividends

Alianza Co.—Final 25 p.c., making 40 p.c. for 1921. 75 p.c. was paid for 1920.

Aluminium Corporation.—7 p.c. on Pref. for 1921.

Antofagasta and Bolivia Railway.—3 p.c. on Consolidated Ord. for 1921. 7 p.c. was paid for 1920.

Bolsover Colliery.—Interim 4 p.c. on Ord.

British Indian Tea.—Final 12 p.c. on Ord., making 15 p.c. for year ended 30th April. 5 p.c. was paid for 1920-21.

Brownlee & Co.—10 p.c. on Ord. for year ended 31st March. 5 p.c. was paid for 1920-21.

Chloride Electrical Storage.—Final 5 p.c., tax free, on Ord., making 10 p.c., tax free, for year ended 31st March, as for 1920-21.

Doom Dooma Tea.—Final 7½ p.c., making 12½ p.c. for 1921, plus bonus of 5 p.c. 10 p.c. was paid for 1920.

Edward and John Burke.—Final 3 p.c. on Ord., making 7 p.c. for year ended 30th April, being at the same rate as for 1920-21.

Jokai (Assam) Tea.—Final 10 p.c. and bonus of 5 p.c. on Ord., making 20 p.c. for 1921. 6 p.c. was paid for 1920.

Joseph Burton & Sons.—5 p.c. on Ord. for year ended April 8, being at the same rate as for 1920-21.

Lagunas Nitrate.—2s. per share, tax free, for 1921. 4s. per share, tax free, was paid for 1920.

Land Bank of Egypt.—Interim 3s. per share.

Maypole Dairy.—Interim 3d. per share on Deferred Ord.

Neuchatel Asphalte.—8d. per Ord. share for 1921, 6d. per Ord. share was paid for 1920.

Oxford, Ltd.—Final 6 p.c., making 10 p.c. for year ended April 30, being at the same rate as for 1920-21.

United River Plate Telephone.—Final 5 p.c., tax free, on Ord., making 8 p.c., tax free, for 1921, as for 1920.

Virol.—17½ p.c. on Ord. for year ended 31st March. 15 p.c. was paid for 1920-21.

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Field Marshal The Rt. Honble. Earl Haig has joined the Board of Directors of the Standard Life Assurance Company.

# Publications Received

*Cull & Co.'s Financial Review.* June. Annual Subscription £1, post free.

*Monthly Review Barclays Bank.* June.

*The Bulletin of the Federation of British Industries.* June 6. 1s.

# Company Report

**Central Mining & Investment.** The profit for 1921 was £76,000 less at £314,000 and adding £100,000 brought forward there remained £414,000 with which to deal. Two dividends, each of 6s. per share, free of income tax (as for the previous year) absorbed £255,000, and after providing £69,000 for income tax, etc., a balance of £90,000 is carried forward. Nothing is placed to reserve which last year received £100,000. The total holding of shares, interests and investments is slightly higher at £5,736,000, holdings for which quotations are available being given in the balance sheet "at or under market prices ruling at the end of December, 1921." Unquoted securities and interests, representing £1,767,000 or 30.8% of investments "have been carefully valued." Examination of the items shows that the holding of British Government securities has declined during the year by nearly £79,000 and interests in gold and diamond mining by £203,000. On the other hand oil, coal, industrial and sundry investments have increased by £120,000, land companies and properties by £57,000, and base metals and minerals by £55,000. The comparatively favourable results for 1921 are partially due to the receipt in the period of dividends on account of 1920. The great depression of 1921 will probably affect the earnings of the current year, although against this must be set benefit from the improved conditions now ruling. Future prospects of the gold mining industry are expected to be such as to allow the mines to be worked at a fair and reasonable profit, though it must be remembered that a few properties are nearing the end of their existence. Working costs must be permanently higher as mines are sunk deeper and also through increased liability for miners' phthisis compensation.



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